GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:2517
ANSWERED ON:01.08.2016
Black Marketing of Kerosene
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the instances of Oil Marketing Companies (OMCs) not following/complying with "in house market system" in view of doping/adulteration of kerosene oil distributed under Public Distribution System (PDS) reported/noticed by the Government during the last three years;
(b) if so, the details thereof and the action taken by the Government thereon, State/OMC/UT-wise;
(c) whether the Government proposes to allow OMCs to increase the rate of kerosene in phased manner and reduce the subsidy on kerosene in the backdrop of black marketing and if so, the details thereof along with quantum of subsidy given by the Government during the said period State/OMC/UT-wise;
(d) the efforts made by the Government to provide kerosene to hostels/Government schools for poor rural/tribal students and hospitals for patients to remove the difficulty of regular power cut there; and
(e) whether the Government has noticed any shortage of kerosene in the country including Jharkhand if so, the details thereof and the steps taken to increase the allocation to various States, State/UT-wise?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI DHARMENDRA PRADHAN)
(a) & (b) : At present, there is no such scheme in vogue for doping of in house marker in kerosene oil distributed under Public Distribution System (PDS) by Public Sector Oil Marketing Companies (OMCs).
(c) : The Government has authorized the OMCs to increase the Retail Selling Prices of PDS Kerosene by 25 paise per litre per month (excluding VAT as applicable in different States/Union Territories) for 10 months.
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The total amount of under-recovery incurred on sale of PDS Kerosene for the last three financial year is given below :

Rs. in Crores	2013-14	2014-15	2015-16
PDS Kerosene#	31,255	24,804	11,496

Includes Subsidy under "PDS Kerosene and Domestic LPG Scheme, 2002" & "Freight Subsidy (for Far-Flung Areas) Scheme, 2002" on payment basis. With a view to reach the PDS kerosene to the targeted beneficiaries, it has been decided to implement Direct Benefit Transfer in Kerosene (DBTK) during 2016-17 in 39 districts identified in consultation with State Governments spread across nine States of the country, namely; Punjab, Gujarat, Himachal Pradesh, Madhya Pradesh, Chhatisgarh, Rajasthan, Jharkhand, Haryana and Maharashtra. Other States/UTs have also been requested to join the Scheme. It has also been decided that the States would be given cash incentive of 75% of subsidy savings during the first two years, 50% in the third year and 25% in the fourth year. In case the States voluntarily agree to undertake cuts in kerosene allocation, beyond the savings due to DBT, a similar incentive would be given to those States/UTs. Preparation to implement DBTK by the participating States is reviewed regularly.
(d) : The Government of India allocates PDS Kerosene to States/UTs on quarterly basis for distribution under PDS for cooking and illumination only. Further distribution within the States/UTs through their PDS network to various categories of consumers as per their respective criteria, is the responsibility of the concerned States/UTs. In addition, the Government has allowed the States/UTs to draw one month quota of Kerosene at non-subsidized rates during each financial year w.e.f. 2012-13 for special needs such as natural calamities, religious functions, fisheries, various 'yatras', 'melas' etc. States/UTs can also seek further additional allocation of non-subsidized SKO from this Ministry after exhausting this one month's quota.
In addition to above, with a view to ease the availability of white Kerosene (Market Priced Kerosene) for sale in the open market, the Central Government has amended the Kerosene (Restriction on Use and Fixation of Ceiling Price) Order, 1993. It is expected that this will reduce demand for diverted PDS Kerosene by improving availability of non-PDS Kerosene in the open market and will thus meet the demand of Kerosene for various legitimate end uses for the industry and for individual consumption by those who can afford it at market price.
(e) : OMCs have informed that there is no reported shortage of PDS Kerosene in the country, including Jharkhand.
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